

# United States Senate

WASHINGTON, DC 20510

April 27, 2006

The Honorable Michael Johanns  
Secretary of Agriculture  
United States Department of Agriculture  
1400 Independence Avenue, SW  
Washington, DC 20250

Dear Mr. Secretary:

We have read with interest your comments concerning agricultural disaster assistance as reported by Jim Wiesemeyer on April 21, 2006. We completely disagree with your analysis of the situation concerning the need for both production loss and energy-related disaster assistance for our farmers and ranchers due to the losses they sustained during 2005 as well as damage that has already manifested itself this year.

We know of no farm families in this country who wish to have their crops destroyed or their production costs dramatically increased because they believe, as you suggest, the federal government will make them more than whole through assistance programs.

You indicated that USDA has provided about \$5 billion in hurricane related disaster assistance through grants, loans, loan guarantees and food assistance for hurricane losses. As important as these programs are to economic recovery in the Gulf, they generally do not apply to the production losses sustained by producers in that region in 2005 and ignore the thousands of producers in other parts of the nation who also suffered significant losses due to weather-related causes.

You tout the national levels of production, cash receipts and net cash farm income as a reason to oppose disaster assistance. We are well aware that some producers had the good fortune to produce above average crops in 2005. Unfortunately, not all farmers, and particularly those in areas most negatively effected by the hurricanes, floods, drought, wildfires and crop diseases, have shared equitably in those aggregate measures.

Our crop disaster program targets production loss assistance to those who have suffered production losses in excess of 35 percent. It does not benefit those who had production losses less than 35 percent, normal or above average production.

You criticize removal of the 95 percent cap as a policy mistake. But you ignore the fact that previous programs with a cap also reduced disaster benefits by any crop insurance proceeds a producer might have received. These provisions unfairly penalized those who purchased higher levels of coverage. Our disaster legislation provides for a 50 percent

payment rate on losses greater than 35 percent. We do not believe this program is going to come close to making farmers whole. It will provide many operators the opportunity to continue to farm in 2006, providing economic stability to rural communities and financial help to farm families.

You claim the energy-related economic loss payments only benefit program crop producers. USDA has estimated that energy-related input costs in 2005 were about \$5 billion over the 2004 level. A large majority of those additional expenses were born by program crop producers who are by far the largest users of fuel and fertilizer in the nation.

For example, based on USDA data, increased costs for fuel and fertilizer in 2005 amounted to about \$4.4 billion – nearly 90 percent of the total increase in energy related input costs. Over \$2 billion of this amount was incurred by wheat, corn and soybean producers and represents nearly 50 percent of the total increase for those inputs. In addition, those who produce the majority of our program crops also represent a large percentage of the production of non-program crops and livestock.

If the Administration believes there is a need for energy payments to other agricultural sectors, perhaps it would be more constructive to sit down with us and discuss those alternatives, rather than issuing directives to Congress through the press.

The agricultural disaster legislation that was introduced in both the House and the Senate and that has been incorporated into the Senate supplemental appropriations bill received broad bipartisan support from all regions of the country.

Mr. Secretary, we are always willing and available to discuss the disasters that have impacted so many farmers and ranchers across our nation and would look forward to working with you for additional ways to adequately address these very real needs.

Sincerely,

Kent Lee

Max Baucus

Blanch R. Lincoln

Mary Landrigh

Ken Salazar

Byron L. Dorgan

Rehlie Stebenew

John Johnson

Mark Boyer

Dick Deub

Patty Murray

Tom F. Kelly

Almy

Maria C. ...

Bill Nelson

Mark Dayton

Beland

Bill ...

Harry Reid